

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**FISCAL NOTE**

**HB 1223 - SB 1193**

March 10, 2021

**SUMMARY OF BILL:** Increases, from three to five, the total number of board members serving on the Powell-Clinch River Utility District (District) beginning January 1, 2022 with such members nominated by the county mayor and approved by the county commission. Prohibits entities furnishing the District with natural gas from establishing contractual prohibitions on the sale of such natural gas by the District to other municipalities or governmental entities.

**ESTIMATED FISCAL IMPACT:**

**Increase Local Expenditures – Exceeds \$11,000/FY21-22\***  
**Exceeds \$22,000/FY22-23 and Subsequent Years\***

Assumptions:

- Based on information provided by the District:
  - Board members are compensated \$500 per meeting, with 12 meetings occurring annually;
  - Board members are provided with insurance coverage with an estimated minimum rate of \$5,000 per member; and
  - There are currently no contract provisions which prohibit the District from selling natural gas to other municipalities or governmental entities.
- Two additional board members will result in a mandatory recurring increase in local expenditures estimated to exceed \$22,000 [(\$500 per meeting x 12 meetings) + \$5,000 insurance coverage x 2] beginning in FY22-23.
- The additional board members will be appointed beginning January 1, 2022, or half of FY21-22; therefore, the fiscal impact for FY21-22 is estimated to exceed \$11,000 (\$22,000 x 50.0%).
- Any vote required of the county commission will occur at a regularly-scheduled commission meeting; therefore, any fiscal impact associated with the confirmation of new members is considered not significant.

**IMPACT TO COMMERCE:**

**NOT SIGNIFICANT**

Assumption:

- The District currently does not have any contractual prohibitions on the sale of natural gas to municipalities or governmental entities; therefore, any impact to jobs or commerce in Tennessee is considered not significant.

*\*Article II, Section 24 of the Tennessee Constitution provides that: no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*

## **CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Bojan Savic". The signature is written in a cursive, flowing style.

Bojan Savic, Interim Executive Director

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